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World Production and Trade

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The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

GRAIN AND FEED

In the UNITED STATES, stronger demand for U.S. wheat, especially from the Soviet Union, which is now expected to import a total of 23.0 million tons from all sources, has caused an upward revision in the 1984/85 (July/June) wheat export forecast to 38.1 million tons. Conversely, the U.S. corn export forecast for 1984/85 has been revised downward by 1.3 million tons to 50.2 million. Reasons for the decline in U.S. corn exports are expected weaker demand in Spain due to significantly larger production, likely substitution of imported feed wheat and other domestic grains for corn in South Africa, and the expectation that demand in the European Community (EC) will remain slack in 1984/85.

The EUROPEAN COMMUNITY is projected to become a net exporter of coarse grains in 1984/85. Imports of coarse grains by the EC in 1984/85 are expected to continue their long-term decline, down from almost 25 million tons in 1976/77 to a forecast level of 4 million tons. U.S. exports are directly affected by this decline since the United States has historically provided 85-90 percent of total EC corn imports. Policies designed to encourage the expanded use of surplus domestic grains in mixed feeds and manufactured products at the expense of imported corn could mean continued erosion in levels of corn imports from the United States.

With prospects for a large barley harvest and Commission efforts to expand feed wheat usage at the expense of domestic feed grains, pressures could mount for the EC to export substantially more barley than the 2.8 million tons estimated for 1983/84. In the event that the EC does export large quantities of barley and imports only 4 million tons of corn, the EC would for the first time become a net exporter of coarse grains in 1984/85.

The United States is facing increasing competition in the PERUVIAN wheat market. Reports indicate that Peru has purchased 50,000 tons of No. 3 Canadian Western Red Spring wheat, marking the first wheat purchase from Canada since July-June 1979/80. Canada had offered Peru \$16 million in credit for wheat purchases but apparently, until now, Canadian prices had not been attractive enough to encourage purchasing. Canada had exported as much as 161,000 tons to Peru in 1973/74.

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The United States has supplied the bulk of Peru's wheat import needs since 1979/80. Prior to this Canadian sale, the United States had been facing increasing competition in the Peruvian wheat market from Argentina. Argentina exported 176,000 tons of wheat to Peru in 1982/83 from its record 1982 crop and in July-June 1983/84, a record of almost 300,000 tons was shipped despite reports that Argentina blocked implementation of a \$40-million credit line to Peru due to its own debt problems. Peru's wheat import requirements have reportedly stabilized at about 1 million tons annually.

OILSEEDS AND PRODUCTS

Because of the virtual disappearance of the SOVIET UNION from world markets, the 1983/84 Soviet soybean meal import estimate has been lowered another 300,000 tons this month to 1.2 million. Only a modest rise, back to 1.5 million tons, is being forecast for 1984/85. In what appeared to be a significant policy decision based on the need for greater protein meal feeding, the USSR increased its imports of soybean meal to nearly 2.6 million tons in 1982/83, and further growth had been anticipated for this year. Although the Soviet protein shortage continues, logistical problems in the handling of the larger volume may have been a factor in the reduced Soviet purchases. If these problems are resolved, the larger supplies and attractive soybean meal prices anticipated for 1984/85 may bring the Soviets back into the market.

In the UNITED STATES, despite sharply higher production, U.S. exports of oilseeds and products are likely to grow only modestly in 1984/85. A forecast record world oilseed crop of 185.3 million tons in 1984/85 and continuing weak demand for protein meals are expected to lead to intense competition on world markets, with the United States increasingly becoming the world's residual supplier of oilseeds and, especially, the value-added meals and oils.

A U.S. soybean crop 30 percent larger than last year is anticipated, while an even greater relative increase in U.S. sunflowerseed production is being forecast. U.S. exports of sunflowerseed, however, are expected to decline by 15 percent and those of sunflowerseed oil by 5 percent in 1984/85 as stocks accumulate. Soybean exports are forecast to increase by 9 percent in 1984/85, but exports of soybean meal are expected to increase by less than 3 percent and a 12-percent decline in soybean oil exports is being forecast.

DAIRY, LIVESTOCK AND POULTRY

Local press in the UNITED ARAB EMIRATES (UAE) are reporting a drop in demand for imported frozen chicken and a corresponding rise in demand for locally produced fresh and chilled chicken, according to the U.S. agricultural trade officer in Bahrain. The shift reportedly occurred because of a controversy surrounding a shipment of imported chicken that allegedly was out of condition.

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The consignment, which lacked halal certification and part of which exceeded age limitations, was rejected in several Gulf ports as unfit before a third of the shipment was unloaded in Ajman. The decline in chicken retail sales has exceeded the norm during Ramadan, when less chicken and more red meat are traditionally consumed. The imported chicken under controversy was not of U.S. origin. Total imports for domestic consumption in the UAE are around 5,000 tons per year. This figure may decline substantially.

The SOVIET UNION has made contractual arrangements or trade agreements for the import of bull and ram semen from Canada, Australia and New Zealand. The Canadians reportedly have signed a veterinary health agreement with the Soviets which may result in a fivefold increase in exports of bull semen in 1984 (no export data available for 1983). New Zealand has sold 5,000 straws of zebu-sahiwal semen, and Australia has sold 5,000 straws each of Holstein and sheep semen. The Soviets also are reported to be interested in Australian zebu semen. The above agreements correspond with reports over the past year of Soviet intentions to improve ruminant livestock output through herd improvement. The United States exported bull semen worth \$91,600 to the USSR in the first five months of 1984, compared with none in 1983.

The EC COMMISSION received and accepted applications for licenses to import 59 tons of high-quality beef in June 1984. The total quantity of high-quality beef available in July is 9,599.7 tons. U.S. beef exports to the EC have slowed over the past year because of the strength of the U.S. dollar relative to European currencies. January-June 1983 sales totaled 1,210 tons but purchases during the same period of 1984 have been only 400 tons.

TOBACCO

In the UNITED STATES, duty-paid imports of leaf tobacco during May 1984 totaled 12,049 tons, down 29 percent from the 16,959 tons imported during May 1983. May imports included 5,444 tons of oriental leaf, 4,500 tons of other cigarette tobaccos and more than 2,100 tons of cigar tobacco. Cumulative imports for January-May are 78,039 tons, virtually the same as the corresponding period in 1983.

Based on the rate of duty-paid imports during the first five months of the calendar year, the 195,000-ton import estimate for 1984 has been maintained. If realized, this import level would represent an 18-percent drop from the abnormally large 1983 import level. The 1983 imports were up 30 percent from 1982 because importers paid the duty on large quantities of leaf prior to the reclassification of scrap tobacco in August 1983.

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Actual arrivals of leaf tobacco (general imports) totaled 15,651 tons during May 1984, down from 16,399 tons last year. Cumulative 1984 imports through May are 94,186 tons, compared with 106,667 last season.

Exports during May totaled 12,000 tons, off from 16,156 last season. The pace may pick up in the last half of the year, particularly if the United States has a high-quality 1984 crop. The crop looks good at this point. The 240,000-ton export estimate for 1984 remains unchanged.

WOOD AND WOOD PRODUCTS

Output of sawn timber in the SOVIET UNION is expected to remain sluggish and below the government target throughout 1984 due to transportation problems, the inaccessibility of virgin forests, equipment shortages and a lack of skilled labor.

Soviet production of roundwood and the major wood products is estimated as follows in 1,000 cubic meters:

	1982	1983	1984 (Estimate)	1984 (Govt. target)
Roundwood	355.9	357.0	360.0	373.4
Lumber	97.5	97.0	97.0	110.2
Plywood	2.0	2.0	2.0	2.3
Chipboard	5.6	5.7	5.9	5.7

Soviet exports of roundwood--including logs, pulpwood and pit props--are projected to reach 16 million cubic meters in 1984, 5.9 percent more than in 1983. This level, the highest in five years, follows a 14.8-percent increase in 1983. Chronic infrastructural problems have plagued the Soviet timber industry and slowed the increase in wood exports. Major wood products exported in 1983 from the USSR included lumber (\$671 million), saw timber/saw logs (\$374 million), and pulpwood (\$186 million).

Japan is the Soviet Union's largest customer for logs, taking 4.8 million cubic meters in 1983. China increased log imports 87 percent in 1983 to 0.9 million cubic meters. The leading markets for Soviet softwood lumber include the German Democratic Republic (with a market share of 18 percent), United Kingdom (17 percent), Hungary (9 percent) and West Germany (8 percent).

USSR: Exports of Wood and Wood Products, 1978-84
(1,000 cubic meters unless otherwise specified)

Item	1978	1979	1980	1981	1982	1983	1984 1/
Round Timber	17,360	15,225	13,933	13,669	13,153	15,107	16,000
Saw Timber	9,402	7,730	6,514	6,198	6,183	6,867	7,300
Pulpwood	6,019	5,982	5,736	5,832	5,377	6,319	6,700
Pit Props	704	455	618	669	540	679	700
Construction timber 2/	605	612	552	467	629	704	720
Lumber	8,063	6,628	7,132	6,925	7,233	7,336	7,500
Coniferous	7,871	7,447	6,950	6,714	7,094	7,205	7,400
Plywood	337	315	314	324	336	328	330
Fiberboard 3/	89	99	91	96	83	79	80
Chipboard	321	267	332	362	334	328	330

1/ Estimated. 2/ Probably round timber used on construction sites. 3/ Million square meters. Source: Vneshnyaya Torgovlya SSSR, selected issues.

USSR: Round Timber Exports, by Destination 1/
(1,000 Cubic Meters)

Destination	1978	1979	1980	1981	1982	1983
Austria	178	154	337	385	164	93
Bulgaria	356	205	299	301	281	363
Britain	60	52	51	47	--	--
Hungary	1,571	1,034	1,155	1,298	920	1,190
GDR	692	607	660	790	719	749
West Berlin	17	13	12	6	7	--
Italy	668	559	510	547	456	539
Netherlands	53	63	63	23	154	196
Poland	186	122	195	175	154	196
Finland	2,871	2,775	2,862	2,744	2,680	3,068
France	334	285	284	234	151	8
Czechoslovakia	182	146	128	140	97	106
Yugoslavia	508	371	416	452	392	348
Japan	8,792	7,949	6,090	45,740	6,062	6,518
Belgium	25	8	--	--	--	--
Others	867	882	871	787	1,070	1,929
Total	17,360	15,225	13,933	13,669	13,153	15,107

1/ Includes saw timber, pit props, pulpwood and construction timber. Source: Vneshnyaya Torgovlya SSSR, selected issues.

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According to an unofficial source in HUNGARY, that country's forest area has increased over 500,000 hectares during the past three decades. Total forested area is currently estimated at 1.74 million hectares. Timber production in 1984 is forecast at 8.1 million cubic meters, approximately 65 percent of Hungary's annual timber consumption.

In contrast to the vigorous expansion of the PHILIPPINE wood industry in the 1960s, the late 1970s and early 1980s were marked by a decline in both domestic and export markets. The Philippine position as the major wood supplier to both the United States and Japan has been gradually eroded by competition from Indonesia and other Asian countries. Developments since 1981 indicate the wood products industry remains stressed because of the government's restrictive policy on logging, escalating production costs and a shortage of spare parts for machinery and equipment.

Roundwood harvesting and timber production have been sharply reduced by the restrictions on logging. Surprisingly, production levels of the major wood products--lumber, veneer and plywood--have been trending upward since 1981 because of strong export demand, especially for veneer, and sustained domestic demand for various wood products by the Philippine furniture industry. This growth in the products sector has been accomplished by a continued draw-down of roundwood and log stocks, a trend that is expected to continue through 1984.

Production and exports of selected wood products for 1982-84 are estimated as follow in 1,000 cubic meters:

	1982		1983		1984 1/	
	Prod.	Exp.	Prod.	Exp.	Prod.	Exp.
Roundwood	5,216	813	5,070	904	5,000	1,000
Tropical Hardwood Logs	4,514	752	4,430	786	4,400	790
Tropical Hardwood Lumber	1,200	591	1,222	669	1,241	680
Tropical Hardwood Veneer	428	98	445	123	467	152
Tropical Hardwood Plywood	422	255	459	312	460	312

1/ Preliminary.

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Selected International Prices

Item	: July 17, 1984	: Change from	: A year	
	:	: previous week	: ago	
ROTTERDAM PRICES 1/				
	\$ per MT	\$ per bu.	\$ per MT	\$ per MT
Wheat:				
Canadian No. 1 CWRS-13.5%.	188.00	5.12	-6.00	199.00
U.S. No. 2 DNS/NS: 14%....	173.50	4.72	-11.00	179.00
U.S. No. 2 S.R.W.	151.00	4.11	-1.50	153.00
U.S. No. 3 H.A.D.....	183.00	4.98	-1.00	191.00
Canadian No. 1 A: Durum...	189.00	5.14	0	204.50
Feed grains:				
U.S. No. 3 Yellow Corn....	157.00	3.99	-2.00	148.00
Soybeans and meal:				
U.S. No. 2 Yellow.....	279.40	7.60	+.90	258.60
Brazil 47/48% SoyaPellets	187.00	--	+4.00	229.00
U.S. 44% Soybean Meal.....	188.00	--	+1.00	220.00
U.S. FARM PRICES 3/				
Wheat.....	119.04	3.24	-2.94	124.18
Barley.....	77.62	1.69	-8.73	78.54
Corn.....	129.13	3.28	-.39	124.02
Sorghum.....	109.57	4.97	-1.32	109.35
Broilers 4/.....	1224.88	--	-134.92	1172.41
EC IMPORT LEVIES				
Wheat 5/.....	103.45	2.82	+20.10	95.95
Barley.....	74.35	1.62	+4.35	96.00
Corn.....	46.90	1.19	-2.25	67.85
Sorghum.....	76.70	1.95	+.75	85.75
Broilers 4/ 6/ 8/.....	161.00	--	0	276.00
EC INTERVENTION PRICES 7/				
Common wheat(feed quality)	144.75	3.94	-28.65	161.95
Bread wheat (min. quality)7/	154.90	4.22	-33.65	178.75
Barley and all				
other feed grains.....	144.75	--	-33.65	178.75
Broilers 4/ 6/.....	1139.00	--	-9.00	1140.00
EC EXPORT RESTITUTIONS (subsidies)				
Wheat	10.25	.28	-.85	26.00
Barley.....	16.90	.37	-2.75	52.90
Broilers 4/ 6/ 8/.....	103.00	--	0	198.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.000 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/Reflects change in level set by EC. N.Q.=Not quoted. N.A.=None authorized. Note: Basis August delivery.

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